

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
NSAE-00 SIL-01 /033 W
-----118461 290150Z /64

R 281615Z OCT 77
FM AMEMBASSY MADRID
TO SECSTATE WASHDC 2252
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
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BRUSSELS AND PARIS ALSO FOR USEEC AND OECD

E.O. 11652: N.A.
TAGS: ELAB, PINT, SP
SUBJECT: MONCLOA ACCORDS: LABOR AND MANAGEMENT MEET WITH
GOVERNMENT

REF: MADRID 7519

1. ON OCT 24 AND 25, THE GOS VP'S FOR ECONOMY AND
POLITICAL AFFAIRS, FUENTES QUINTANA AND ABRIL MARTORELL
RESPECTIVELY, MET IN MADRID WITH LEADERS OF SPAIN'S
LARGEST TRADE UNIONS, THE SOCIALIST UGT AND COMMUNIST-
DOMINATED WORKERS' COMMISSIONS (SWC), AND WITH BUSINESS
LEADERS FROM THE NATIONAL UMBRELLA ORGANIZATION CEOE
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AND SEVERAL LESSER BUSINESS GROUPS. PURPOSE OF THE
MEETINGS WAS TO EXPLAIN (AND SOLICIT SUPPORT FOR) THE
MONCLOA ECONOMIC ACCORDS REACHED BY THE POLITICAL
PARTIES (REFTEL), IN WHOSE NEGOTIATION THE BUSINESS AND
LABOR LEADERS HAD PLAYED NO PART. REPRESENTATIVES
OF SPAIN'S SMALLER UNIONS WERE NOT INVITED, NOR ANY
SPOKESMAN FOR SMALL BUSINESS. AFTERWARDS, SWC

SPOKESMEN EXPRESSED QUALIFIED SUPPORT, WHILE THE UGT AND BUSINESS LEADERS WERE CRITICAL.

2. FOLLOWING THE FIRST SESSION BUSINESS REPRESENTATIVES TERMED THE PACT "SHORT ON THE POSITIVE, AND EXCESSIVELY HARSH ON THE NEGATIVE." SWC SECGEN MARCELINO CAMACHO WAS MORE HOPEFUL--THE PACT COULD BE "RETOUCHED" WHERE NEEDED, HE CLAIMED, AND THE MEETING HAD SERVED TO RE-INITIATE THE STALLED NEGOTIATIONS BETWEEN GOVT AND UNIONS, "A NECESSARY COMPLEMENT TO THE ECONOMIC MEASURES." FOR THE UGT, SECGEN NICOLAS REDONDO CLAIMED "NOT TO UNDERSTAND" THE SIGNIFICANCE OF THE MEETING, AND COMPLAINED THAT MUCH TIME HAD BEEN LOST OWING TO THE GOVT'S INCAPACITY, ESPECIALLY CITING MINISTER OF LABOR JIMENEZ DE PARGA. BEFORE THE MEETING, THE UGT AND SWC LEADERS HAD MET PRIVATELY AND HAD REPORTEDLY AGREED TO PRESSURE THE GOVT TO CONTINUE THE WIDE-RANGING NEGOTIATIONS WITH THE UNIONS BROKEN OFF EARLY IN SEPTEMBER.

3. AFTER THE SECOND OCT 25 SESSION, LASTING FIVE HOURS, ALL PARTICIPANTS TERMED THE RESULTS "POSITIVE AND SATISFACTORY." THEY DIFERED, HOWEVER, ON WHAT HAD BEEN AGREED. UGT INDUSTRIAL FEDERATIONS SECRETARY GARNACHO CLAIMED THAT THE GOVT HAD AGREED TO "MODIFY" THE TEXT OF THE MONCLOA PACT, ESPECIALLY THE PORTION LIMITED OFFICIAL USE

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DEALING WITH SALARY INCREASE LIMITS (REFTEL). THE BUSINESS REPRESENTATIVES MAINTAINED THAT, IF ANY POINT WAS MODIFIED, ALL WOULD HAVE TO BE. A GOVT SPOKESMAN CLAIMED THAT THE "ELABORATION" OF CERTAIN ASPECTS "NOT SPECIFIED" IN THE DOCUMENT WAS INTENDED, BUT THE ACTUAL TEXT WOULD NOT BE ALTERED. THIS MAY PROVE LITTLE MORE THAN A FACE-SAVING QUIBBLE BY THE GOVT: "ELABORATION" OF COURSE CAN CHANGE ANY AGREEMENT CONSIDERABLY.

4. THE CRUCIAL ISSUES FOR "ELABORATION" ARE THE SALARY LIMITS (25 THIS YEAR AND 22 IN 1978), AND THE POSSIBILITY THAT FIRMS MAY BE ALLOWED TO REDUCE STAFF BY 5 IF UNIONS FORCE INCREASES ABOVE THESE LEVELS. UNDER UNION PRESSURE, ALL PARTICIPANTS AGREED TO MEET AGAIN OCT 28 AND 29, TO DISCUSS THESE AND OTHER MATTERS, INCLUDING THE STILL-SMOLDERING ISSUE OF UNION "PATRIMONY", COLLECTIVE BARGAINING, PLANT ELECTIONS, RIGHT TO STRIKE, ETC. SUMMING UP, VP ABRIL MARTORELL DECLARED THAT THE DAY'S SESSION HAD OPENED UP A BROAD HORIZON "TO DEAL WITH ALL THE LABOR PROBLEMS" NOT SPECIFICALLY CONTAINED IN THE MONCLOA ACCORDS.

5. EMBOFF SPOKE BRIEFLY TO UGT LEADER GARNACHO ON OCT 26, AND ASKED HIM TO CLARIFY HIS UNION'S OBJECTIONS TO THE PACT. THESE FELL UNDER TWO HEADINGS, HE EXPLAINED. STYLE: THE UNIONS WERE BEING ASKED TO RATIFY AN AGREEMENT THEY HAD NO ROLE IN DRAFTING. ON THEIR MERITS, HE ADDED, PARTS OF THE ACCORD WERE "NOT BAD". SUBSTANCE: THE UGT DID OBJECT MOST STRENUOUSLY TO A 22-25 SALARY INCREASE CEILING, WHEN INFLATION IS RUNNING ABOUT 30. INTERESTINGLY, HE HELD OUT THE HOPE THAT THE UGT MIGHT

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SETTLE FOR EVEN LESS, IF THE GOVT COULD GET THE INFLATION RATE BELOW 22. AS LONG AS THE WORKERS WERE AT LEAST ABLE TO MAINTAIN THEIR REAL INCOME, HE SAID, PERCENTAGE FIGURES WERE UNIMPORTANT. EATON

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